3rd QUARTER FY 2018 EARNINGS CALL PRESENTATION

WEDNESDAY MARCH 21, 2018

SCHOLASTIC

Forward-Looking Statements

This presentation contains certain forward-looking statements. Such forward-looking statements are subject to various risks and uncertainties, including the conditions of the children's book and educational materials markets and acceptance of the Company's products in those markets, as well as other risks and factors identified from time to time in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those currently anticipated.

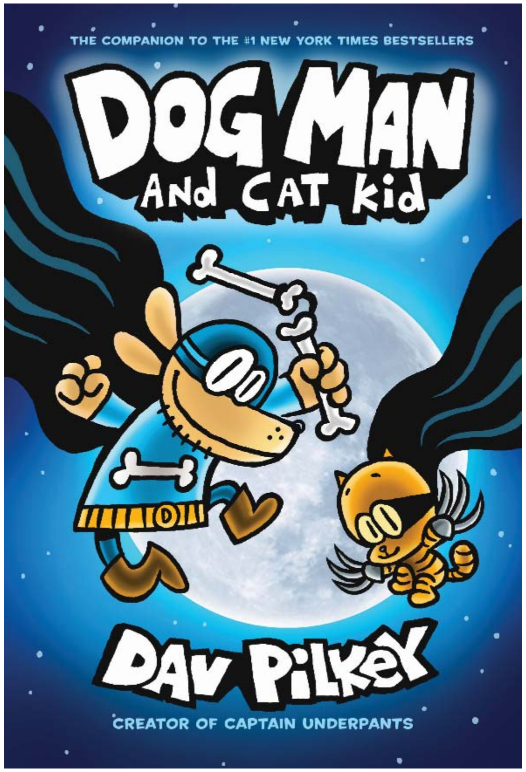
Regulation G

Today's comments include references to certain non-GAAP financial measures as defined in Regulation G. The reconciliation of these non-GAAP financial measures with the relevant GAAP financial information and other information required by Regulation G is provided in the Company's earnings release, which is posted on the Company's investor relations website at investor.scholastic.com.

Richard Robinson

Chief Executive Officer, President
and Chairman

Third Quarter 2018 Highlights



- Revenue up 3%; Operating loss improved by 4%
- Growing key publishing franchises and investing in technology-driven improvements
- Raising Fiscal 2018 outlook for EPS on partial year benefit of tax reform
- One-time non-cash, non-operating charges for pension termination and re-measurement of deferred tax asset
- Additional $50 million board authorization for share repurchases
- Growing momentum in ***Scholastic 2020*** initiatives

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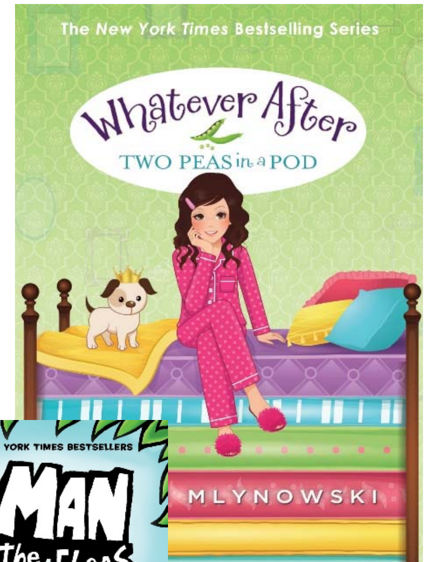
Children's Book Publishing and Distribution

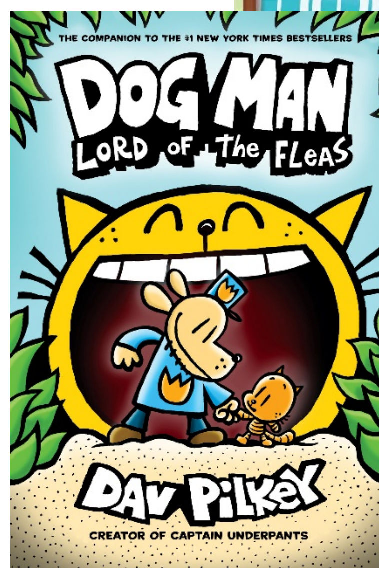
- Revenue essentially flat compared to significant Harry Potter publishing revenues a year ago

- Best-selling core series including Harry Potter, I Survived, Dog Man, Captain Underpants, Bad Guys, Whatever After

- *Dog Man: Lord of the Fleas* (Book 5) scheduled for release in August 2018

- Launching 20th Anniversary Harry Potter marketing around reissue of original series in paperback with new cover art by Brian Selznick





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Education

- Revenue up 3% in quarter
- Expanded program in new publishing and enlarged salesforce to address significant market opportunity in balanced literacy
- ***Scholastic Literacy™*** to launch this summer – complete balanced literacy program for grades pre-K to 6. New components to include:
  - ***Scholastic EDGE*** – new, in-classroom intervention guided reading program
  - ***Literacy Pro™*** – a digital reading motivation and assessment program
  - ***W.O.R.D.*** – an engaging research-based vocabulary program for grades K-5

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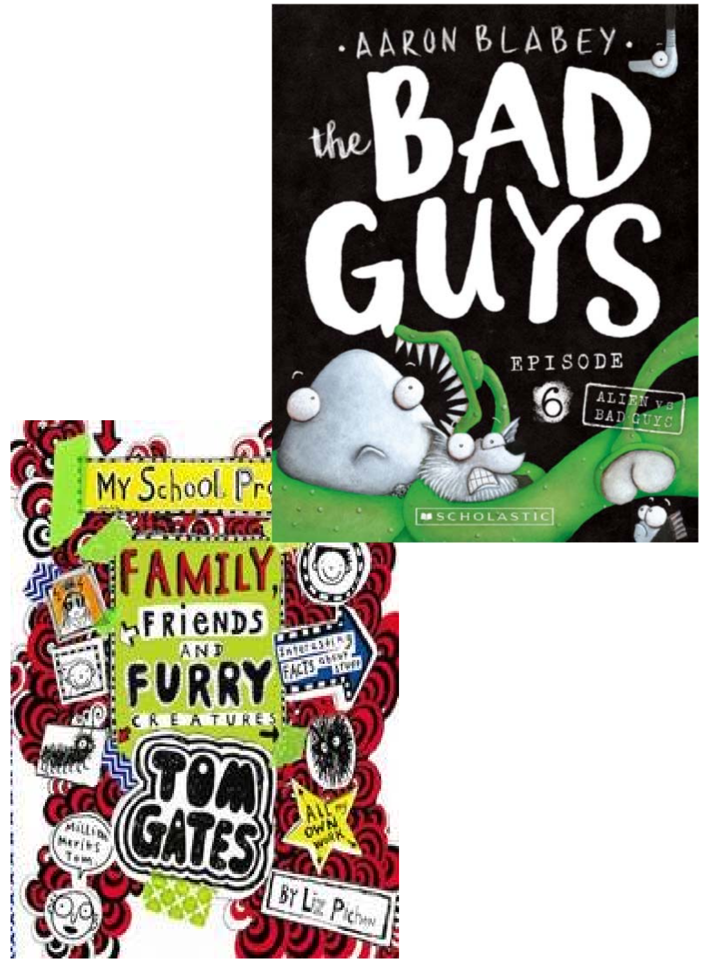
International

- Revenue up 8% in quarter
- Solid performance in trade publishing across all major international markets and Asia
- New shared services operation in Kuala Lumpur to support our multiple businesses in Asia
- Centralizing finance, procurement and support services in the region in an effort to improve efficiencies and reduce costs
- Strengthened management team in Asia with significant new appointments in finance and marketing



Scholastic 2020

- In first six months of implementation, have focused mainly on four areas of Scholastic's business – Book Fairs, Education, Operations and Technology
  - In **Book Fairs**, we are focusing on new CRM analytics to provide updated, easy to access customer information to our 400 salespeople, as well as new point-of-sale system for real-time information on title sales, enabling faster restocking
  - In **Education**, we are providing richer and timelier pipeline information to the education sales force, as well as upgrading our Teacher Store Online, and establishing a master product tracking system for improved visibility to product scheduling and availability
  - In **Operations**, we are improving manufacturing and procurement processes, rationalizing paper and printing spend, and reducing freight costs through the utilization of a new transportation management system
  - And, we are aligning our **Strategic Technology** resources to better support our Scholastic 2020 initiatives in CRM, data engineering, analytics and digital services

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Real Estate

- Entered into a definitive lease agreement with Sephora for a portion of the newly developed retail space at 557 Broadway, which extends their current lease through 2033
- RKF, the country's leading independent real estate firm specializing in retail leasing, has been given an exclusive engagement to lease the remaining 42,500 sq. ft. of multi-floor retail space at the headquarters building
- Interest in space has picked up dramatically, with multiple major retailers expressing strong interest in both the Broadway-facing and Mercer Street sides of the building

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Kenneth Cleary

Chief Financial Officer

Income Statement

In $ Millions (except per share)	Third Quarter 2018			Third Quarter 2017			Fiscal Year to Date 2018			Fiscal Year to Date 2017		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Revenues	$344.7	$0.0	$344.7	$336.2	$0.0	$336.2	$1,132.2	$0.0	$1,132.2	$1,242.0	$0.0	$1,242.0
Cost of goods sold [1]	166.4	-	166.4	160.3	(0.5)	159.8	535.6	-	535.6	601.3	(0.5)	600.8
Selling, general and administrative expenses [2]	184.5	(0.4)	184.1	189.5	(4.4)	185.1	564.1	(5.7)	558.4	577.9	(8.3)	569.6
Bad debt expense	1.7	-	1.7	1.6	-	1.6	7.9	-	7.9	9.3	-	9.3
Depreciation and amortization	11.5	-	11.5	9.5	-	9.5	31.9	-	31.9	28.6	-	28.6
Asset impairments [3]	4.3	(4.3)	-	-	-	-	11.0	(11.0)	-	-	-	-
Total operating costs and expenses	368.4	(4.7)	363.7	360.9	(4.9)	356.0	1,150.5	(16.7)	1,133.8	1,217.1	(8.8)	1,208.3
Operating income (loss)	($23.7)	$4.7	($19.0)	($24.7)	$4.9	($19.8)	($18.3)	$16.7	($1.6)	$24.9	$8.8	$33.7
Other components of net periodic (benefit) cost [4]	39.8	(39.6)	0.2	(1.1)	-	(1.1)	55.4	(55.0)	0.4	0.2	-	0.2
Interest (income) expense, net	(0.2)	-	(0.2)	0.3	-	0.3	(0.5)	-	(0.5)	1.0	-	1.0
Provision (benefit) for income taxes [5]	(14.1)	5.5	(8.6)	(8.4)	1.9	(6.5)	(17.4)	16.5	(0.9)	10.8	3.4	14.2
Earnings (loss) from continuing operations	($49.2)	$38.8	($10.4)	($15.5)	$3.0	($12.5)	($55.8)	$55.2	($0.6)	$12.9	$5.4	$18.3
Earnings (loss) from discontinued operations, net of tax	(0.0)	-	(0.0)	0.1	-	0.1	(0.0)	-	(0.0)	0.0	-	0.0
Net Income (loss)	($49.2)	$38.8	($10.4)	($15.4)	$3.0	($12.4)	($55.8)	$55.2	($0.6)	$12.9	$5.4	$18.3
Earnings (loss) per diluted share from continuing operations	(1.41)	1.11	(0.30)	(0.45)	0.09	(0.36)	(1.59)	1.57	(0.02)	0.36	0.15	0.51
Earnings (loss) per diluted share from discontinued operations, net of tax	(0.00)	-	(0.00)	0.01	-	0.01	(0.00)	-	(0.00)	0.00	-	0.00
Earnings (loss) per diluted share	(1.41)	1.11	(0.30)	(0.44)	0.09	(0.35)	(1.59)	1.57	(0.02)	0.36	0.15	0.51

1. In the three and nine months ended February 28, 2017, the Company recognized pretax exit costs related to its software distribution business in Australia of $0.5.
2. In the three and nine months ended February 28, 2018, the Company recognized pretax severance and stock compensation charges of $0.4 and $5.7, respectively. In the three and nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $4.4 and $8.3, respectively.
3. In the three and nine months ended February 28, 2018, the Company recognized pretax impairment charges of $4.3 and $11.0, respectively, related to legacy building improvements.
4. In the three and nine months ended February 28, 2018, the Company recognized pretax charges related to a partial settlement of the Company's domestic defined benefit pension plan of $39.6 and $55.0, respectively.
5. In the three and nine months ended February 28, 2018, the Company recognized a benefit for income taxes on one-time pretax charges of $13.8 and $24.8, respectively, partly offset by $8.3 and $8.3, respectively, of income tax provision related to the remeasurement of the Company's U.S. deferred tax balance in connection with the passage of the Tax Cuts and Jobs Act of 2017. In the three and nine months ended February 28, 2017, the Company recognized a benefit for income taxes on one-time pretax charges of $1.9 and $3.4, respectively.

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Segment Results

In $ Millions (except per share)	Third Quarter 2018 As Reported	Third Quarter 2018 One-Time Items	Third Quarter 2018 Excluding One-Time Items	Third Quarter 2017 As Reported	Third Quarter 2017 One-Time Items	Third Quarter 2017 Excluding One-Time Items	Fiscal Year to Date 2018 As Reported	Fiscal Year to Date 2018 One-Time Items	Fiscal Year to Date 2018 Excluding One-Time Items	Fiscal Year to Date 2017 As Reported	Fiscal Year to Date 2017 One-Time Items	Fiscal Year to Date 2017 Excluding One-Time Items
Children's Book Publishing and Distribution												
Revenue												
Book Clubs	$57.7	$0.0	$57.7	$60.3	$0.0	$60.3	$165.6	$0.0	$165.6	$176.3	$0.0	$176.3
Book Fairs	91.5	-	91.5	89.5	-	89.5	334.6	-	334.6	328.4	-	328.4
Consolidated Trade	50.2	-	50.2	49.2	-	49.2	177.8	-	177.8	264.6	-	264.6
Total revenue	199.4	-	199.4	199.0	-	199.0	678.0	-	678.0	769.3	-	769.3
Operating income (loss)	(0.9)	-	(0.9)	6.3	-	6.3	55.3	-	55.3	91.2	-	91.2
Operating margin	-		-	3.2%		3.2%	8.2%		8.2%	11.9%		11.9%
Education												
Revenue	61.7	-	61.7	60.1	-	60.1	177.6	-	177.6	186.4	-	186.4
Operating income (loss)	(0.2)	-	(0.2)	3.5	-	3.5	(8.9)	-	(8.9)	7.8	-	7.8
Operating margin	-		-	5.8%		5.8%	-		-	4.2%		4.2%
International												
Revenue	83.6	-	83.6	77.1	-	77.1	276.6	-	276.6	286.3	-	286.3
Operating income (loss) [1]	0.7	-	0.7	(3.7)	0.5	(3.2)	12.6	-	12.6	17.2	0.7	17.9
Operating margin	0.8%		0.8%	-		-	4.6%		4.6%	6.0%		6.3%
Corporate overhead [2]	$23.3	($4.7)	$18.6	$30.8	($4.4)	$26.4	$77.3	($16.7)	$60.6	$91.3	($8.1)	$83.2
Operating income (loss)	($23.7)	$4.7	($19.0)	($24.7)	$4.9	($19.8)	($18.3)	$16.7	($1.6)	$24.9	$8.8	$33.7

1. In the three and nine months ended February 28, 2017, the Company recognized pretax exit costs related to its software distribution business in Australia of $0.5. In the nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $0.2.
2. In the three and nine months ended February 28, 2018, the Company recognized pretax severance and stock compensation charges of $0.4 and $5.7, respectively. In the three and nine months ended February 28, 2018, the Company recognized pretax impairment charges of $4.3 and $11.0, respectively, related to legacy building improvements. In the three and nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $4.4 and $8.1, respectively.

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Free Cash Flow & Net Debt

In $ Millions	Feb 28, 2018	Feb 28, 2017
Free cash flow (use) (3 month period ending)[1]	($9.6)	$16.6
Free cash flow (use) (9 month period ending)[1]	($49.9)	$58.3
Accounts receivable, net	$186.0	$172.4
Inventories, net	$356.9	$351.2
Accounts payable	$208.4	$194.2
Accrued royalties	$63.2	$87.5
Total debt	$7.7	$5.8
Cash and cash equivalents	$362.6	$461.8
Net debt[2]	($354.9)	($456.0)

1. Free cash flow (use) is defined by the Company as net cash provided by or used in operating activities (which includes royalty advances), reduced by spending on property, plant and equipment , prepublication, and production costs.
2. Net debt is defined by the Company as lines of credit and short-term debt plus long-term-debt, net of cash and cash equivalents.

Raised EPS Outlook – Lower Effective Tax Rate

Metric	Guidance
Revenue	**$1.65 - $1.7** billion
Earnings from Continuing Operations [1]	**$1.35 - $1.45** per diluted share
Free Cash Use	**$10 - $20** million
Capital Expenditures	**$90 - $100** million
Prepublication/Production Spending	**$30 - $40** million

1. Outlook for EPS and operating income **excludes** severance and other one-time items associated with restructuring actions, as well as non-cash, non-operating items.

Questions & Answers

Participants

- Richard Robinson
- Kenneth Cleary
- Judy Newman, School Book Clubs and E-Commerce
- Satbir Bedi, Chief Technology Officer

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